

**INTRODUCTORY AND EXPLANATORY TEXT
PUBLIC ELEMENTARY-SECONDARY EDUCATION FINANCES: 1995-96**

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INTRODUCTION

The United States Bureau of the Census conducts an Annual Survey of Government Finances as authorized by law under title 13, United States Code, Section 182. The 1996 survey, similar to other annual surveys and census of governments conducted for many years, covers the entire range of government finance activities--revenue, expenditure, debt, and assets (cash and security holdings).

These tables contain financial statistics relating to public elementary-secondary education. They present national and State financial aggregates and display data for each public school system with an enrollment of 15,000 or more.

ORGANIZATION OF THIS REPORT

This introductory text describes the scope, concepts, sources, survey methodology, and limitations of the data. It also identifies other Census Bureau products which contain public education finance data.

The tabular section contains 18 tables. Summaries as well as State-level detail are presented in tables 1 through 10. Table 1 contains data for all major financial categories for public school systems. Revenue summaries and supporting detail are shown in tables 2 through 5, expenditures in tables 6 through 9, and indebtedness in table 10.

State rankings based on revenues and expenditures per pupil appear in table 11. State rankings based on the relation of revenues and expenditures to State personal income are shown in table 12. National summaries and enrollment size-group data for elementary-secondary education systems appear in tables 13 and 14.

Finance data for individual public school systems with enrollments of 15,000 or more are displayed in tables 15, 16, and 17. Data are presented in thousands of dollars in table 15 for revenue, expenditure, and indebtedness items. Table 16 displays percent distributions of Federal, State, and local revenue for these same school systems. Per pupil expenditure data appear in table 17.

Supplementary data on State-level populations, enrollments, and personal income are shown in table 18.

SCOPE

This 1996 report presents data on elementary and secondary education financed by Federal, State, and local governments. Information pertaining to higher and other education can be found in separate annual and census of governments reports that focus on the finances of States, counties, cities and towns, and government finances in general.

GENERAL CONCEPTS

Refer also to Appendix A (Definitions of Selected Terms) for descriptions of the items appearing in this report.

Elementary-Secondary Education

This category covers financial activity for the operation and support of public school systems providing elementary and/or secondary education programs. With the exception of the relatively few college level programs offered by elementary-secondary school systems, all activities of the system are classified as elementary-secondary. These include not only instruction and support activity for regular, special, and vocational instruction programs, but also summer school, adult education, community services, food services, student activities, pre-kindergarten, transportation services, school health programs, and plant operation and maintenance. Adult education and community services are two types of

programs operated in many elementary-secondary school systems that are not related to the performance of elementary-secondary education programs. Expenditures for these two types of programs are excluded from the per pupil data for current spending in tables 8, 14, and 17. Expenditures made by public school systems for these programs continue to be included in the expenditure data presented in the other tables.

Public School Systems

The term "public school systems," as used for this report, includes two types of government entities with responsibility for providing education services: (1) School districts that are administratively and fiscally independent of any other government and are counted as separate governments; and (2) public school systems that lack sufficient autonomy to be counted as separate governments and are classified as a dependent agency of some other government--a county, municipal, township, or State government.

The following table shows the number and type of independent and dependent systems as they existed in the 1992 Census of Governments, a Census Bureau survey conducted every 5 years. While most public school systems offer elementary and/or secondary programs, some provide only college-grade coverage. Others, known as "nonoperating" systems, only exist to collect tax revenue which they then transfer to other school systems that actually provide the education services. The table below also identifies "education service agencies" which are classified as dependent agencies of the school systems that they serve. These agencies typically provide regional special education or vocational education programs. While they are not recognized as separate school systems, they are important providers of public education services. The financial data for these regional agencies are collected by the Census Bureau and included in the tabular presentations.

Table A. Public School Systems, 50 States and the District of Columbia

Type of system	Number
All public school systems	15 834
Independent school districts	14 422
Elementary-secondary districts	13 759
College grade districts	379
Combined elementary-secondary and college grade districts	10
Regional vocational or special education districts	93
Nonoperating districts	181
Dependent school systems	1 412
Elementary-secondary systems	1 142
State government systems	28
County government systems	317
City government systems	219
Town government systems	578
College grade systems	126
County government systems	121
City government systems	5
Combined elementary-secondary and college grade system	1
Vocational or special education systems	77
Nonoperating systems	66
EXHIBIT: Education service agencies classified as part of the elementary-secondary districts they serve	1 039

Source: US Bureau of the Census, 1992 Census of Governments

Current Dollars

The statistics in this report, as in the others issued by the Census Bureau on Federal, State, and local government finances, are in terms of current dollar amounts. They have not been adjusted for price and wage changes occurring through the years.

Fiscal Years

Data in this report pertain to school system fiscal years that ended June 30, 1996, except for the following: Alabama--September 30, 1996; Nebraska, Texas, and the Chicago Board of Education--August 31, 1996.

Current Operation and Current Spending

Current operation, a standard Census Bureau expenditure category, consists of payments for salaries, employee benefits (to include local school system employer contributions to State government retirement funds), purchased services, and supplies.

The Census Bureau introduced the concept "current spending" in the 1987 Census of Governments. This concept, which is used only in the public education finance reports, allows for the inclusion of all public elementary-secondary outlays regardless of the specific unit of government which actually makes the expenditures. Thus this concept--employed in tables 1, 6 through 9, 11 through 15, and 17--is comprised of current operation expenditure and two other items: payments made by the State government on behalf of local education agencies and employer contributions made by those few school systems that administer their own retirement funds (such as the Chicago Board of Education and the Denver Public School System). Most of the expenditures made by States on behalf of their school systems are for State retirement funds and social security contributions. These "on behalf of" contributions are displayed by State in table 3. "Current spending" is not presented in other Census Bureau tabular presentations because its inclusion with expenditures made at other levels of government would lead to double counting.

Instruction Expenditure

This item relates to the instruction function (series 1000) defined in the National Center for Education Statistics (NCES) publication, "Financial Accounting for Local and State School Systems", commonly called Handbook II, Revised (1990). Instruction expenditure covers expenditures for regular, special, and vocational programs offered in both the regular school year and summer school. It excludes instructional support, student support, and other support activities as well as adult education, community services, and student enterprise activities.

Since not all States prescribe the use of the above financial accounting handbook and its definition of instruction for their school systems, some interstate disparities exist. For example, some State accounting systems do not include employee benefit payments or fixed charges in "instruction." Refer to appendix B for descriptions of how the Census Bureau has dealt with these differences.

Intergovernmental Revenues and Educational Revenues From Federal, State, and Local Sources

Intergovernmental revenue is the traditional term used by the Census Bureau to define revenue received from the Federal, State, and local governments. Intergovernmental revenue from the Federal Government includes only those amounts that the recipient gets directly from the Federal Government. Federal monies that public school systems receive through State channels are included under intergovernmental revenue from the State. Intergovernmental revenue from local governments includes only amounts that the recipient gets from other local governments. The revenue tables in this report do not use these traditional terms which appear in other Census Bureau governmental finance tabular presentations.

The tables in this report that contain revenue data reference revenue from Federal, State, and local sources. There are significant differences between these terms and the intergovernmental items described above. Revenue from Federal sources includes Federal monies passed through State governments as well as Federal outlays directly received. State source revenue consists of only amounts originating from State governments. Revenue from local sources is comprised of revenues raised locally--including taxes, charges, and miscellaneous revenue. Intergovernmental revenue from local governments is only a small component of revenues from local sources. These terms are used instead of the Census Bureau's traditional intergovernmental revenue terms due to their widespread acceptance by the education data user community.

Tax Revenues of Dependent School Systems

Dependent school systems receive most of their local revenue from appropriations by their parent government. Although most of these monies come from property tax collections, the exact amounts derived from taxes or other revenue sources available to parent governments for their school systems frequently cannot be determined from State education agency accounting records. In this report, this type of revenue appears in a separate category, "parent government contributions."

SOURCES OF DATA

The Census Bureau has made arrangements with State government departments of education to use data from existing finance information collection systems where the data are compatible with this survey's categories. Every State department of education obtains data annually on a wide variety of financial data from elementary-secondary school systems by requiring reports or conducting surveys. The Census Bureau is able to gain access to this information through unique agreements with each State that are summarized below.

1. Compilation from State education agency source documents by Census Bureau staff (5 States): Alaska, Hawaii, New Mexico, Rhode Island, and Utah.
2. Computer tape, disk or electronic transfer of data via Internet in State agency format which is then reformatted by Census Bureau staff (20 States): Arizona, Arkansas, California, Colorado, Georgia, Indiana, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, North Dakota, Oklahoma, South Carolina, Tennessee and Vermont.
3. Computer tape, disk or electronic transfer of data via Internet reformatted by State education agency staff (24 States): Alabama, Connecticut, Florida, Illinois, Idaho, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Nevada, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Dakota, Texas, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.
4. Computer printouts of data reformatted by State education agency staff (1 State): Delaware.

A single office or data base in the departments of education did not always have all of the information needed for this survey. In these instances, other sources--most often different State offices--supplied information to supplement the basic data. The most common types of data needing supplementation were school lunch finances, indebtedness, cash and security holdings, and capital fund transactions.

Enrollment, Population, and Personal Income Data

The State totals for enrollment that appear in table 18 are used to calculate the per pupil amounts in tables 8, 11, and 17. They represent fall 1995 memberships collected by NCES in its nonfiscal Common Core of Data survey (CCD).

The population data contained in table 18 were obtained from the Census Bureau's Current Population Reports, Series P-25. The personal income data in table 18, which were used to calculate the data for table 12, were taken from the U.S. Department of Commerce's Survey of Current Business.

SURVEY METHODOLOGY

The information collected is intended to provide a complete picture of a government's financial activity. All revenues (by source), expenditures (by function and object), indebtedness, and cash and security holdings are requested for all funds. The inclusion of all financial transactions, except for interfund transfers, allows for effective review and editing. It enables respondents and Census Bureau staff to take a global view of government finance and to perform basic cash flow logic checks.

The Census Bureau has attempted to identify all central sources for public elementary-secondary finance data. Most of these sources exist at the State government level. Many State agencies, especially State education agencies, collect financial data for the local units within their domains.

The collection arrangements have a number of distinct advantages. First, because the Census Bureau is able to use data from the State government data systems, response burden on local school system administrators is lessened. Second, the close relationship between local school systems and State departments of education virtually eliminates nonresponse problems. Perhaps most important, however, is the fact that this collection system yields high quality data. The audit, review, edit and correction procedures employed by State departments prior to providing the information to the Census Bureau help make the data superior to information that could be collected from the individual school systems.

The extensive use of central collection of elementary-secondary finance data requires the maintenance of State-specific crosswalks that define the State data items which comprise each of the items collected by the Census Bureau. Edit checks identify cash and debt flow problems, significant current year/prior year differences, illogical salary/current spending relationships, out-of-scope per pupil expenditures, and other peculiarities. Census examiners resolve edit and other problems by rechecking data sources for entry errors, reviewing State and other reports which contain the same type of information, and making follow-up calls to State and local officials.

Effective for the FY 1992 survey, the Census Bureau significantly expanded the Federal program revenue detail collected for elementary-secondary school systems. Revenues from programs such as Title I, education for the handicapped, vocational education, and Eisenhower math and science were included for the first time. In many cases, this detail could not be supplied from State education agency basic source documents, which could provide accurate totals of Federal revenue receipts but not program detail. In these cases, the Census Bureau used supplemental data available from the General Education Provisions Act (GEPA) 406A Survey, conducted by the Office of Policy and Planning, U.S. Department of Education. Although the GEPA program detail was used, the total Federal revenues supplied by the State education agencies were not changed.

The Census Bureau processes parent governments separately from their dependent school systems because they each require a different level of detail. Parent governments contain financial data for all functions performed by the government. The dependent school system detail is much more extensive than the education finance detail collected from their parent governments. After the dependent school system information is edited, reviewed, and corrected, it is summed and overlaid into the parent government fiscal information sets. This overlay ensures consistency between data presented for parent governments and their fiscally dependent school systems.

Financial data for school systems were summed to create State aggregates. Census Bureau staff reviewed the State aggregates for consistency with prior year information. The State aggregates were also compared with the financial data collected in the National Public Education Financial Survey by NCES and State totals released by State education agencies. During the review of State aggregates, Census Bureau technical staff requested assistance from State officials and NCES to resolve differences. Most of these differences involved the inclusion of State "payments on behalf" of local education agencies in State education agency and NCES totals. The State education agencies and NCES furnished information about these payments that enabled the Census Bureau to provide State source revenues and current spending categories shown in tables 1 through 8 and 11 through 17.

LIMITATIONS OF DATA

Finance amounts presented in this report are statistical in nature and do not represent an accounting statement. Therefore, a difference between a school system's revenues and expenditures does not indicate a "budget" surplus or deficit. Large capital outlay expenditures, debt issuance or retirement, and changes in cash and security holdings are all factors that have important influences on the balance between revenues and expenditures.

In spite of efforts to identify and resolve errors, some mistakes and inconsistencies in official reporting and processing have undoubtedly escaped detection. Other inconsistencies have been detected

and are published with the caveats shown in Appendix B. They arise from the fact that each State education agency collects a varying level of detail. Although States generally collect much more detail than what the Census Bureau collects, there are instances when certain States cannot provide some of the items requested. The use of different financial accounting handbooks by the State education agencies also causes inconsistencies in the data.

Effective for the FY 1992 survey, the Census Bureau requested that respondents for elementary-secondary finances report State revenues according to the following program categories: general formula assistance, compensatory and basic skills, special education, staff improvement, vocational, capital outlay/debt service, bilingual education, transportation, and school lunch. Users should be able to make valid comparisons of this detail when examining school systems within a given State. Because the content of State aid programs greatly varies among the States, however, this information may not be comparable when making comparisons between school systems in different States. For example, State monies for handicapped and compensatory education may be in specific categorical aid programs in one State but be part of general formula assistance in another State.

The information in this report reflect the financial transactions of public school systems. The revenues, expenditures, and debt of entities that are not public school systems are excluded. Examples of entities that are not public school systems are private educational enterprises, State government agencies, quasi-private organizations, and county superintendent offices not part of public school systems. The absence of detail from these entities sometimes creates differences between the school finance data in this report and school finance data produced from other Census Bureau governmental finance tabular presentations and from other sources. For example, State and national totals for the various Federal program revenues are lower in this report than those reported in other sources because they reflect only what the public school systems receive.

ACKNOWLEDGMENT

The generous cooperation of State education agency personnel is gratefully acknowledged. The time and effort extended by these individuals made it possible to produce this report while imposing a minimum burden on local school officials. The Census Bureau also appreciates the dedication of local school officials in providing accurate fiscal data to their State education agencies.

MEANING OF ABBREVIATIONS AND SYMBOLS

The abbreviations and symbols in the tables have the following meanings:

- Represents zero or rounds to zero.
- (NA) Not available.

APPENDIX A. DEFINITIONS OF SELECTED TERMS

Major categories for the Census Bureau's classification of government finances, as applicable to school systems, are defined below.

Assistance and Subsidies. Direct cash grants to individuals for tuition, scholarships, and fellowships and aid to nonpublic educational institutions. Excludes Pell grants to individuals.

Bond Funds. Funds established to account for the proceeds of bond issues pending their disbursement.

Capital Outlay. Direct expenditure for contract or force account construction of buildings, roads, and other improvements, and for purchases of equipment, land, and existing structures. Includes amounts for additions, replacements, and major alterations to fixed works and structures. However, expenditure for repairs to such works and structures is classified as current operation expenditure.

Cash and Deposits. Cash on hand and on deposit, including any savings and other time deposits as well as demand deposits.

Cash and Security Holdings. Cash, deposits, and government and private securities (bonds, notes, stocks, mortgages, etc.) except holdings of agency and private trust funds. Does not include interfund loans, receivables, and the value of real property and other fixed assets.

Construction. Production of fixed works and structures and additions, replacements, and major alterations thereto, including planning and design of specific projects, site improvements, and provision of equipment and facilities that are integral parts of a structure. Includes both contract and force account construction.

Contribution from Parent Government. That portion of general revenue from the school district's own sources which is appropriated and transferred to a dependent school system by its parent government. Excludes intergovernmental revenue, current charges, and miscellaneous general revenue.

Current Charges. Amounts received from the public for performance of specific services benefitting the person charged and from sales of commodities and services. Includes school lunch sales (gross), tuition paid by individuals, and receipts from centrally administered student activity funds. Excludes amounts received from other governments and interfund transfers.

Current Operation. Direct expenditure for salaries, employee benefits, purchased professional and technical services, purchased property and other services, and supplies. It includes gross school system expenditures for instruction, support services, and non-instructional functions. It excludes expenditures for debt service, capital outlay, and reimbursement to other governments (including other school systems). Also excluded are payments made on behalf of the school system by other governments including employee retirement payments made by State governments to State retirement funds and to social security. Employer contributions made by those few school systems that have their own retirement systems (such as the Chicago Board of Education and the Denver Public School System) into own retirement funds are excluded. Current operation expenditure is a standard classification item used in all Census Bureau government finance reports.

Current Spending. Comprises current operation expenditure (as defined above), payments made by the State government on behalf of school systems, and transfers made by school systems into their own retirement funds. This classification is used only in Census Bureau education reports in an effort to provide statistics for users who wish to make interstate comparisons. It is not used in other government finance reports to avoid double-counting expenditures between levels of government and funds. While expenditures made by the State government on behalf of the school systems are available on a State aggregate basis, they are frequently not available for each school system in given States. Therefore, these payments are included under current spending in the tables which display State totals but are often

excluded in the tables which display individual school systems. Appendix B identifies this anomaly on a State-by-State basis.

Debt. Long-term credit obligations of the school system or its parent government and all interest-bearing short-term (repayable within 1 year) credit obligations. Excludes noninterest-bearing short-term obligations, interfund obligations, amounts owed in a trust or agency capacity, advances and contingent loans from other governments, and rights of individuals to benefits from school system employee-retirement funds.

Debt Outstanding. All debt obligations remaining unpaid on the date specified.

Elementary and Secondary Education. Includes expenditures to and by public elementary-secondary school systems for all instruction, support services, and non-instructional support activities offered by those systems. Regular, special, vocational, and adult education programs offered by elementary-secondary school systems are considered part of this category as well as State government intergovernmental foundation and other grants to local education agencies.

Employee Benefits Expenditure. Amounts paid by the school system for fringe benefits. These amounts are not included in salaries and wages paid directly to employees. Includes contributions on behalf of employees for retirement coverage, social security, group health and life insurance, tuition reimbursement, workmen's compensation, and unemployment compensation.

Enrollment. Count of pupils on pupil rolls in the fall of the school system's fiscal year for which data are shown.

Equipment. Apparatus, furnishings, motor vehicles, office machines, and the like having an expected life of more than 5 years. Equipment expenditure consists only of amounts for purchase of equipment, including both additional equipment and replacements. Expenditures for facilities that are integral parts of structures are classified as expenditure for construction or for purchase of land and existing structures.

Expenditure. All amounts of money paid out by a school system--net of recoveries and other correcting transactions--other than for retirement of debt, purchase of securities, extension of loans, and agency transactions. Note that expenditure includes only external transactions of a school system and excludes noncash transactions such as the provision of perquisites or other payments in-kind.

Federal Aid--Direct. Aid from project grants for programs such as Impact Aid (PL 81-815 and PL 81-874), Indian Education, Bilingual Education, Head Start, Follow Through, Magnet Schools, Dropout Demonstration Assistance, and Gifted and Talented.

Federal Aid Distributed by State Governments. Aid from formula grants distributed through State government agencies. Includes revenue from such programs as:

Child Nutrition Programs. Includes revenues from National School Lunch, Special Milk, School Breakfast, and Ala Carte programs. Excludes the value of donated commodities.

Compensatory Programs. Revenues authorized by Title 1 of the Elementary-Secondary Education Act (PL 102-382). Includes basic, concentration, and migratory education grants.

Handicapped Programs. Revenues awarded under the Individuals with Disabilities Act (PL 105-17). Includes formula grants authorized in Part B of this legislation but excludes project grants authorized in Part D. Revenue from this excluded project grant are included in Federal Aid--Direct.

Vocational Programs. Revenues from the Carl D. Perkins Vocational Education Act. Includes revenues from Title II (Basic Grants) and Title III-E (Tech-Prep Education).

Other Federal Aid Distributed by the State. Includes revenues from other formula grant programs distributed through State governments, such as the Adult Education Act (Part B), Title VI Block Grants sanctioned by the Elementary Education Improvement Act, Drug Free Schools authorized by Title VI of the Elementary-Secondary Education Act, and Eisenhower Math and Science (Title II-A).

Nonspecified Federal Aid Distributed by the State. Federal revenue amounts which pertain to more than one of the above categories but which reporting units could not provide distinct amounts into these categories. These revenues are included in "nonspecified" instead of "other".

Fiscal Year. The 12-month period at the end of which the school district determines its financial condition and the results of its operations and closes its books.

General Expenditure. All school system expenditure other than that classified as employee-retirement or other insurance trust expenditure.

General Revenue. All school system revenue except employee-retirement or other insurance trust revenue.

Instruction Expenditure. Relates to the instruction function (series 1000) defined in "Financial Accounting for Local and State School Systems", National Center for Education Statistics, 1990. Instruction presented under the current operation or current spending headings includes payments from all funds for salaries, employee benefits (paid by school system only if under "current operation" or paid by both school and State if under "current spending"), supplies, materials, and contractual services. It excludes capital outlay, debt service, and interfund transfers. Instruction covers regular, special, and vocational programs offered in both the regular school year and summer school. It excludes instructional, student, and other support activities as well as adult education, community services, and student enterprise activities.

Instructional Equipment Only. Includes expenditure for all equipment recorded by school systems in general or operating funds under the "instruction" function.

Interest Earnings. Interest earned on deposits and securities including amounts for accrued interest on investment securities sold. However, receipts for accrued interest on bonds issued are classified as offsets to interest expenditure. Note that interest earnings shown under general revenue do not include earnings on assets of employee-retirement systems.

Interest Expenditure. Amounts paid for use of borrowed money.

Land and Existing Structures. Expenditures for the purchase of land, improvements to land, and existing buildings including purchase of rights-of-way, payments on capital leases, title search, and similar activity associated with real property purchase transactions.

Long-Term Debt. Debt payable more than 1 year after date of issue.

Long-Term Debt Issued. The par value of long-term debt obligations incurred during the fiscal period concerned, including funding and refunding obligations. Debt obligations authorized but not actually incurred during the fiscal period are not included.

Long-Term Debt Retired. The par value of long-term debt obligations liquidated by repayment or exchange, including debt retired by refunding operations.

Other Current Spending. Current spending for other than elementary-secondary education instruction and support services activities. Included in this category are food services, enterprise operations, community services, adult education expenditures.

Payments to Other Governments. Payments made to States, counties, cities, and special district school housing authorities including repayment of loans and debt service payments to entities that incur debt instead of the school system. Payments to other school systems are included in the tables which display individual school systems but excluded (to avoid double-counting) in the State aggregate tables.

Property Taxes. Taxes conditioned on ownership of property and measured by its value. Includes general property taxes relating to property as a whole, real and personal, tangible or intangible, whether taxed at a single rate or at classified rates, and taxes on selected types of property, such as motor vehicles or on certain or all intangibles.

Public School Systems. Includes independent school district governments and dependent school systems. Independent school district governments are organized local entities providing public elementary, secondary, special, and vocational-technical education which, under the law, have sufficient administrative and fiscal autonomy to qualify as governments. Dependent school systems lack sufficient autonomy to be counted as separate governments and are classified as dependent agencies of some other government--a county, municipal, township, or State government.

Purchase of Land and Existing Structures. Purchase of these assets as such, purchase of rights-of-way, and title search and similar activity associated with the purchase transactions.

Revenue. All amounts of money received by a school system from external sources--net of refunds and other correcting transactions--other than from issuance of debt, liquidation of investments, or as agency and private trust transactions. Note that revenue excludes noncash transactions such as receipt of services, commodities, or other "receipts in-kind."

Salaries and Wages. Amounts paid for compensation of school system officers and employees. Consists of gross compensation before deductions for withheld taxes, retirement contributions, or other purposes.

School Breakfast and Lunch. Payments by the Department of Agriculture under the Child Nutrition Act for school lunch, special milk, and other programs. Excludes the value of commodities transferred under this program.

School Lunch Charges. Gross collections from cafeteria sales to children and adults.

Short-Term Debt. Interest-bearing debt payable within 1 year from date of issue, such as bond anticipation notes, bank loans, and tax anticipation notes and warrants. Includes obligations having no fixed maturity date if payable from a tax levied for collection in the year of their issuance.

State Aid. State revenue paid to the school system for any purpose, restricted or unrestricted, including the following:

Capital Outlay/Debt Service. Revenue paid for school construction and building aid including amounts to help the school systems pay for servicing debt.

Compensatory Programs. Revenues for "at risk" or other economically disadvantaged students including migratory children. Also includes monies from State programs directed toward the attainment of basic skills and categorical education excellence and quality education programs which provide more than staff enhancements--such as materials, resource centers, and equipment.

General Formula Assistance. Revenue from general non-categorical State assistance programs such as foundation, minimum or basic formula support, apportionment, equalization, flat or block grants, and State public school fund distributions. This category also includes revenue dedicated from major State taxes, such as income and sales taxes.

Handicapped Programs. Revenues for the education of physically and mentally handicapped students.

Payments on Behalf of LEA (Local Education Agency). State payments that benefit school systems but are not paid directly to school systems. Includes amounts transferred into State teacher or public employee retirement funds as well as into funds for other kinds of employee benefits, such as group health, life, and unemployment compensation. This category also includes State payments for textbooks and school buses that are provided to public school systems.

Staff Improvement Programs. Revenues for programs designed to improve the quantity and quality of school system staff. Examples include programs for additional teacher units, teacher benefits such as retirement and social security contributions paid directly to the school system, mentor teachers, teacher induction, staff development contracts and stipends, career ladder contracts,

in-service training, health insurance, principal leadership, teacher quality contracts, and salaries for specific types of instructional and support staff.

Transportation. Payments for various State transportation aid programs such as those which compensate the school system for part of its transportation expense and those which provide reimbursement for transportation salaries or school bus purchase.

Vocational Programs. Revenues for State vocational education assistance programs, including career education programs.

Other State aid. All other State revenues which are paid directly to the school systems including funds for bilingual education, gifted and talented programs, food services, instructional materials, textbooks, computer equipment, library resources, guidance and psychological services, driver education, energy conservation, enrollment increases and losses, health, alcohol and drug abuse, AIDS, child abuse, summer school, pre-kindergarten and early childhood, adult education (excluding vocational), desegregation, private schools, safety and law enforcement, and community services. In cases where these programs are covered under a State government's general formula assistance program, revenues will be shown under "general formula assistance" instead of under this category.

Nonspecified State aid. State revenue amounts which pertain to more than one of the above categories but which reporting units could not provide distinct amounts into these categories. These revenues were included in "nonspecified" instead of "other".

Support Services Expenditure. Relates to support services functions (series 2000) defined in "Financial Accounting for Local and State School Systems", National Center for Education Statistics, 1990. Support services presented under the current operation or current spending headings includes payments from all funds for salaries, employee benefits (paid by school system only if under "current operation" or paid by both school and State if under "current spending"), supplies, materials, and contractual services. It excludes capital outlay, debt service, and interfund transfers. It includes expenditures for the following functions:

General Administration. (Series 2300) - Expenditures for board of education and executive administration (office of the superintendent) services.

Instructional Staff Support. (Series 2200) - Expenditures for supervision of instruction service improvements, curriculum development, instructional staff training, and media, library, audiovisual, television, and computer-assisted instruction services.

Operation and Maintenance of Plant. (Series 2600) - Expenditures for building services (heating, electricity, air conditioning, property insurance), care and upkeep of grounds and equipment, non-student transportation vehicle operation and maintenance, and security services.

Pupil Support Services. (Series 2100) - Expenditures for attendance record-keeping, social work, student accounting, counseling, student appraisal, record maintenance, and placement services. This category also includes medical, dental, nursing, psychological, and speech services.

Pupil Transportation Services. (Series 2700) - Expenditures for the transportation of public school students including vehicle operation, monitoring riders, and vehicle servicing and maintenance.

School Administration. (Series 2400) - Expenditures for the office of the principal services.

Other Support Services. Expenditures for business support (Series 2500), central support (Series 2800), and other support (Series 2900) services. Business support services include payments for fiscal services (budgeting, receiving and disbursing funds, payroll, internal auditing, and accounting), purchasing, warehousing, supply distribution, printing, publishing, and duplicating services. Central support services include planning, research, development, and evaluation services. They also include information services, staff services (recruitment, staff accounting, non-instructional in-service training, staff health services), and data processing services.

Nonspecified Support Services. Expenditures which pertain to more than one of the above categories. In some cases reporting units could not provide distinct expenditure amounts for each support services category. These expenditures were included in "nonspecified" instead of "other support services".

Taxes. Compulsory contributions exacted by a school system for public purposes, except employee and employer assessments for retirement and social insurance purposes, which are classified as insurance trust revenue. All tax revenue is classified as general revenue and comprises amounts received (including interest and penalties but excluding protested amounts and refunds) from all taxes imposed by a government. Note that school system tax revenue excludes any amounts from shares of State-imposed-and-collected taxes, which are classified as intergovernmental revenue.

APPENDIX B.
NOTES RELATING TO EDUCATION FINANCE DATA

The characteristics of elementary-secondary school finance data are influenced by accounting requirements mandated by each State education agency. The level of financial detail that school systems must maintain varies from State to State. Different State financing methods, such as making payments on behalf of school systems to fund teacher retirement, and the use of different accounting handbooks also cause variation. This variation creates differences in the content of information presented in this report. This appendix describes, on a State by State basis, these differences and adjustments made to improve data comparability.

ALABAMA

The Alabama school finance reporting system does not allocate fixed charges by function. These amounts were estimated according to the relative size of amounts reported by function for salaries and wages.

Payments to other school systems cannot be isolated in the Alabama school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

Alabama school systems report State payments on their behalf in the financial statements sent to the State education agency. These payments are included in both the State aggregate tables which display elementary-secondary school finance data and the tabular detail for State revenues and expenditures of individual school systems.

ALASKA

Payments to other school systems cannot be isolated in the Alaska school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

Expenditures for pupils support services cannot be isolated in the Alaska school finance reporting system. These expenditures have been estimated for the State aggregate tables but are missing from the tabular detail for individual school systems.

ARIZONA

Arizona's reporting system also does not isolate expenditures for instructional equipment. These expenditures are combined with all equipment outlays and reported under "other equipment."

State payments for transportation made on behalf of the school districts are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

ARKANSAS

Payments made by the State government into the State retirement system on behalf of Arkansas school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

CALIFORNIA

Payments made by the State government into the State retirement systems on behalf of California school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

Expenditures for support services cannot be isolated in some California school districts. These expenditures have been estimated for the State aggregate tables but are missing from the tabular detail for individual school systems.

CONNECTICUT

Payments made by the State government into the State retirement system on behalf of Connecticut school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

DELAWARE

The State financial reporting system does not isolate capital outlay payments for land and existing structures. These amounts are included with amounts shown for "construction." They are taken from the expenditures of the site and construction and capital improvement funds as reported in the Delaware State Board of Education annual financial statements.

State payments for transportation made on behalf of the school districts are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

DISTRICT OF COLUMBIA

The District of Columbia reporting system also does not isolate expenditures for instructional equipment. These expenditures are combined with all equipment outlays and reported under "other equipment."

The District of Columbia's financial reporting system does not isolate capital outlay payments for land and existing structures. These payments are included in "construction."

FLORIDA

Payments to other school systems cannot be isolated in the Florida school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

GEORGIA

Payments made by the State government into the State retirement system on behalf of Georgia school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

IDAHO

The State financial reporting system does not isolate capital outlay payments for land and existing structures. These amounts are included with amounts shown for "construction." They are taken from the expenditures of the site and construction and capital improvement funds as reported in the Idaho State Board of Education annual financial statements.

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Payments to other school systems cannot be isolated in the Idaho school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

ILLINOIS

The State financial reporting system does not isolate capital outlay payments for land and existing structures. These amounts are included with amounts shown for "construction." They are taken from the expenditures of the site and construction and capital improvement funds as reported in the Illinois State Board of Education annual financial statements.

Payments made by the State government into the State retirement system and for textbooks on behalf of Illinois school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

Illinois corporate personal property replacement tax revenues are included as State revenues in this report. These revenues are listed as "local" in other sources because they are a component of "local support" in State aid calculations.

INDIANA

Employee benefit items reported by Indiana school corporations are not shown by function in the Indiana financial reporting system. They consist of payments for retirement, social security, group insurance, workmen's compensation, and unemployment compensation. These benefits paid by the Indiana local school corporations were estimated by function according to the salaries reported for each function.

Payments made by the State government into the State retirement system on behalf of Indiana school corporations are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

KANSAS

Payments made by the State government into the State retirement system for school employees on behalf of Kansas school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

KENTUCKY

The Kentucky school finance reporting system does not allocate fixed charges by function. The Kentucky data have been adjusted to prorate fixed charges into the functions shown in this report based on their relative size.

Payments made by the State government into the State teachers' retirement system and for health and life insurance on behalf of Kentucky school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

LOUISIANA

Louisiana school systems report State payments on their behalf in the financial statements sent to the State education agency. These payments are included in both the State aggregate tables which display elementary-secondary school finance data and the tabular detail for State revenues and expenditures of individual school systems.

MAINE

Payments made by the State government into the State retirement system on behalf of Maine school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

MARYLAND

Payments made by the State government into State retirement funds on behalf of Maryland school systems are included in the financial statements sent to the State education agency. These payments are included in both the State aggregate tables which display elementary-secondary school finance data and the tabular detail for State revenues and expenditures of individual school systems.

MASSACHUSETTS

The Massachusetts school finance reporting system does not allocate fixed charges by function. Data have been adjusted to prorate fixed charges into the functions shown in this report based on their relative size.

Payments made by the State government into the State retirement system on behalf of Massachusetts school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

The State financial reporting system does not isolate capital outlay payments for land and existing structures. These amounts are included with amounts shown for "construction." They are taken from the expenditures of the site and construction and capital improvement funds as reported in the Massachusetts State Board of Education annual financial statements.

MISSISSIPPI

The State financial reporting system does not isolate capital outlay payments for land and existing structures. These amounts are included with amounts shown for "construction." They are taken from the expenditures of the site and construction and capital improvement funds as reported in the Mississippi State Board of Education annual financial statements.

Payments to other school systems cannot be isolated in the Mississippi school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

MISSOURI

The Census reporting system includes Missouri's local property tax from the State for Proposition C in the category of revenue from State sources.

NEVADA

The local school support sales tax is included as revenue from State sources rather than as local sales tax. Revenue from the motor vehicle privilege tax is also included under State source revenue. The public utility franchise tax is classified as a public utility tax of the local school districts.

Payments to other school systems cannot be isolated in the Nevada school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

NEW JERSEY

Payments made by the State government for employer contributions to the Teachers Pension and Annuity Fund and for social security payments on behalf of New Jersey school systems are included in the tables that display State totals of elementary-secondary education finances. These payments are included in both the State aggregate tables which display elementary-secondary school finance data and the tabular detail for State revenues and expenditures of individual school systems.

NEW MEXICO

The New Mexico school finance reporting system does not allocate fixed charges by function. The New Mexico data for fixed charges have been prorated into the functions shown in this report based on their relative size.

State payments made on behalf of the school systems for textbooks are included in the financial statements sent to the State education agency. These payments are included in both the State aggregate tables which display elementary-secondary education school finance data and the tabular detail for State revenues and expenditures of individual school systems.

Payments to other school systems cannot be isolated in the New Mexico school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

NEW YORK

In New York's financial reporting system employee benefit items are not shown by function. These amounts have been prorated into functional expenditure items by the State education agency according to the relative size of amounts reported by function for salaries and wages.

NORTH CAROLINA

Payments to other school systems cannot be isolated in the North Carolina school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

State payments for textbooks and transportation are included in the financial statements sent to the State education agency. These payments are included in both the State aggregate tables which display elementary-secondary school finance data and the tabular detail for State revenues and expenditures of individual school systems.

OKLAHOMA

Payments made by the State government into the State retirement fund and textbooks on behalf of Oklahoma school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

PENNSYLVANIA

Payments made by the State government into the State school employees' retirement fund on behalf of Pennsylvania school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

RHODE ISLAND

The State financial reporting system does not isolate capital outlay payments for land and existing structures. These amounts are included with amounts shown for "construction." They are taken from the

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expenditures of the site and construction and capital improvement funds as reported in the Rhode Island State Board of Education annual financial statements.

Payments made by the State government into the State retirement fund on behalf of Rhode Island school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

SOUTH CAROLINA

Payments made by the State government for textbooks and school buses on behalf of the school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

SOUTH DAKOTA

The State financial reporting system does not isolate capital outlay payments for land and existing structures. These amounts are included with amounts shown for "construction." They are taken from the expenditures of the site and construction and capital improvement funds as reported in the South Dakota State Board of Education annual financial statements.

TEXAS

Payments made by the State government into the State school employees' retirement fund, textbooks, and transportation on behalf of Texas school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

UTAH

Payments to other school systems cannot be isolated in the Utah school finance reporting system. These amounts are usually minor. They will slightly inflate the current spending amounts presented for both State aggregates and individual school systems.

VERMONT

Payments made by the State government for employee benefits on behalf of Vermont school systems are included in the tables that display State totals of elementary-secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.

VIRGINIA

The Census reporting system includes Virginia's "one-cent State sales and use tax" from local funds in the category of revenue from State sources.

WEST VIRGINIA

Payments made by the State government into the State teachers' and public employees' retirement funds on behalf of West Virginia school systems are included in the tables that display State totals of elementary- secondary education finances. These payments have also been estimated for local school systems and appear in the tabular detail for State revenues and expenditures of individual school systems.